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Idea Exchange

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IDEA EXCHANGE

By MILDRED SWEM, Los Angeles, California

Cotton Rejection Records

Bales of cotton received in our warehouse are individually graded. It was a troublesome job to keep an accurate record of Cotton Rejections until we adopted our present system.

When the grading of a shipment is completed, the rejections are listed upon a white rejection sheet which has two copies, pink and green. The green copy is kept on file in the warehouse until rejections are shipped. The white and pink sheets are sent to the cotton bookkeeper along with the outturn. White sheet, outturn and payment are mailed to the shipper and the pink copy is filed in the "current" cotton file. By noting the outturn number in the corner of the pink copy we are able at any time to trace a bale of cotton under this shipment and to tell what outturn goes with this rejection sheet.

Cotton is loaded for transportation upon instructions from the shipper. Loading sheets, showing each bale number, are prepared in triplicate; original for our files, copies mailed to shipper and destination. Upon shipment of rejected bales, a notation is made upon the applicable green sheet by the warehouse men as to which loading sheet lists them. The green sheet is then sent to the bookkeeper. Original loading sheet, with green rejection copies attached, is filed under shipper's name, pink rejection sheets are filed numerically.

Our office files readily tell us which bales are in the warehouse (pink slips), which bales have been shipped (green slips). We know at all times exactly the number of bales for each shipper that we have in our warehouse, the total number of bales, weight, grade and mark. By having one record filed by name, another numerically, it is easy to find any information requested by a shipper.

—Dorothy W. Gaines, Atlanta Chapter

Test Her Bookkeeping Knowledge

Have you an applicant for a job? Try this quickie on her.

1. 15 x 15 is.....
2. Interest @ 6% for 3 months on \$750 is.....
3. Invoice dated 2/1, terms 2/10 eom is due.....

4. On annual salary from one company of \$7,200, the Federal Social Security Tax Withheld is.....
5. State Unemployment Tax rate is Federal Insurance Contributions Act rate is.....
6. May 31—total outstanding checks \$1,750; book balance \$750; bank balance is.....
7. Cash is over when the balance of "Cash Over/Short" account is a
8. Are Accounts Receivable and Accounts Payable the only controlling accounts?.....
9. Assets less Liabilities less Capital or Investment is.....
10. Check General Ledger accounts ordinarily carrying a debit balance:
Investments
Merchandise Inventory
Sales
Allowance for Depreciation
Indirect Labor
Allowances and Sales Returns
Accrued Income
Cash Discount Allowed
Purchases
Prepaid Insurance
Equipment
Rent Received in Advance
Accrued Payroll
Payroll Deductions
Notes Payable
Dividends Paid
Deferred Income
Profit

—Vera Stapleton,
Los Angeles Chapter

Construction Payroll

In the construction business the locations of jobs may be in several states. A consolidated report on the individual workers may be provided by a Foreman's Weekly Time Report. These reports are a helpful supplement to your payroll journals.

—Dixie E. Maffett, Atlanta Chapter

Numerous Invoice Copies Required?

It becomes necessary to prepare many extra copies of an invoice in such businesses as importing merchandise. A quick
(Continued on page 7)

THE SAVINGS AND LOAN AUDITOR

By DOROTHY J. ROTHFUSS, C.P.A., Grand Rapids Chapter

The first savings and loan association was founded in Philadelphia in 1831 by a group of neighbors to assist each other in obtaining ownership of their homes. These people agreed to deposit certain amounts each week or month in a common savings pool and to make home mortgage loans to those in their own group when the pool provided sufficient funds. From this seed the savings and loan business has grown into a nationwide system of savings institutions which finance the construction and purchase of more homes than any other type of financial institution.

By 1911, it had become a billion-dollar system. At its pre-depression peak in 1930, savings and loan assets of the nation were in excess of \$8,000,000,000. In 1954, these associations had approximately \$30,000,000,000 in assets.

This tremendous growth has greatly increased the duties and responsibilities of the auditor or controller. With management relying more and more on the scientific approach to decisions, the auditor must provide the principal tools of statistics and cost studies.

One of the duties or responsibilities of the auditor is the installation and supervision of an effective system of internal control. Internal control denotes those methods and procedures in effect within the association to safeguard the cash and other assets and to check the accuracy of the accounting. Internal control involves the segregation of duties among employees in such a way as to provide a system of checks and balances and to minimize the possibility of irregularities. The objective is to provide the maximum safeguards practicable in the circumstances, giving due consideration to the risk involved and the cost of maintaining the controls.

The auditor must make sure that the association is complying with the rules and regulations of supervisory authorities as they pertain to the recording of transactions and accounting policies in general. The auditor is responsible for the reports which are required by regulation or supervisory authorities.

Government regulations and various taxing authorities now require greatly expanded accounting and reporting information. Therefore, the auditor must keep

currently informed concerning all federal, state and local tax legislation and regulations.

The preparation of the annual budget is another duty of the auditor, as is the preparation of all operating and financial statements which may be requested by the board of directors.

In addition to his other duties, the auditor must coordinate and direct the work of the accounting department. In order to do this, the auditor must organize an accounting department and its personnel in such a manner that an efficient flow of work is maintained. There should be a continuous review of all operations for the purpose of improving record-keeping methods. The latest developments in mechanical office equipment must be known and understood so that its use can be recommended whenever it is desirable and economically feasible. The accounting forms in use should be reviewed periodically and new selections made whenever a change in procedure renders old forms obsolete.

The auditor's greatest value to the association comes from his ability to analyze financial statements and to report the trends which they reveal, rather than from his actual preparation of the financial reports. This means that the auditor must possess managerial and executive ability as well as accounting knowledge.

As with all saving and loan personnel, the auditor must not forget "customer relations." It is important to remember that the holder of an account in a savings association is technically one of the owners with an equity in all of the assets of the association.

* * *

(Continued from page 6)

solution is the following use of the ditto-master:

Tear off the white top sheet of the ditto-master and substitute the original invoice by stapling it at the sides. Type the invoice in the usual manner, remove from the ditto-master. The invoice may then be run through the ditto machine and the reproduction will conform to the proper lines of the invoice.

—Lorraine Ealand, C.P.A.,
Los Angeles Chapter